



State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

IDAHO DEPARTMENT OF FISH AND GAME

FY 2004, 2005, AND 2006

Report IC26006/SA26006
Date Issued: September 6, 2007

Serving Idaho's Citizen Legislature

FOREWORD

PURPOSE OF REPORT

We evaluated the internal controls over financial operations of the Idaho Department of Fish and Game as part of our effort to evaluate each State agency at least once every three years. This report summarizes the results of our evaluation.

SCOPE OF WORK

The Department's management is responsible for establishing and maintaining internal controls. We obtained an understanding of the relevant policies and procedures comprising the internal control system. We also determined whether the relevant policies and procedures had actually been placed into operation. Our intent was to indicate where internal controls could be improved in order to help ensure the Department's ability to record, process, summarize, and report financial data accurately.

AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

ASSIGNED STAFF

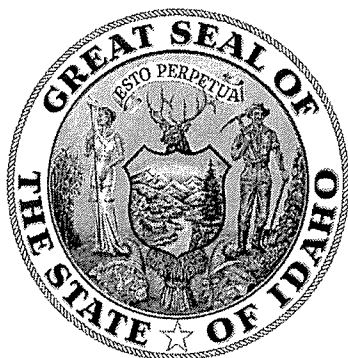
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ADMINISTRATION AND TECHNICAL REVIEW

Don H. Berg, CGFM, Manager, Legislative Audits Division
Chris Farnsworth, CPA, Managing Auditor

TABLE OF CONTENTS

Executive Summary	1
Agency Response	4
Appendix	5
Fund Descriptions	7



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

IDAHO DEPARTMENT OF FISH AND GAME

PURPOSE AND SCOPE – We performed certain audit procedures to evaluate the effectiveness of the Idaho Department of Fish and Game's internal control design and operation. The limited scope of our procedures does not allow us to give an opinion on the Department's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed. Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. Any findings and recommendations are intended to improve the internal control system to prevent errors, omissions, misrepresentations, or fraud.

CONCLUSION – We noted some matters involving the internal control over the Department's financial reporting and its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS – There are two findings and recommendations in this report.

FINDING #1 – Purchasing rules were not followed on information technology projects. The Department is authorized \$50,000 in purchasing authority by the State Division of Purchasing for professional service contracts. This level of authority allows the Department to enter into professional service contracts up to \$50,000 and one year in length. The Department entered into verbal agreements to provide application development services in excess of \$200,000 and exceeding one year in length without obtaining approval from the State Division of Purchasing. These verbal agreements were not in compliance with State or Department purchasing rules. Department purchasing rules state that any purchase of more than \$1,500 must be reviewed and approved by the Department's Purchasing Group prior to entering into a contract or making a contract payment. None of the verbal agreements were approved by the Department's Purchasing Group, and very few of the payments received the Purchasing Group's approval prior to payment. Also, a contract for a point-of-sale licensing system was initiated and was approved by the State Division of Purchasing. However, the Department negotiated a contract extension and allowed the use of a subcontractor, which was specifically disallowed in the original contract. These changes were made prior to receiving approval from the State Division of Purchasing.

RECOMMENDATION #1 – We recommend that the Department follow purchasing rules. Additional staff training and communication may be needed to ensure compliance with purchasing rules.

CORRECTIVE ACTION PLAN – The Department recognizes purchasing rules were not properly followed for information technology projects. We first discovered this failure during routine internal reviews. When discovered, we requested a thorough independent review and determined that, although proper procedures were not followed, there was no misuse of the Department's assets, as all contracted projects were

for necessary work and the cost was effective. However, the Department considered this to be a serious incident, and we now have in place a new Purchasing Manager and a new Information Technology Manager. We have reviewed the violation with purchasing staff at the Department of Administration, conducted internal staff training, and presented an opportunity for Department-wide training at our recent all-staff meeting that is held every other year. We have increased our purchasing review procedures and will take appropriate disciplinary measures in the event of future occurrences.

FINDING #2 – Sensitive personal and financial data of customers is not properly safeguarded. The Department is required by Idaho Code to obtain social security numbers of customers for licensing. Also, other sensitive personal and financial data is collected during the electronic collection of fees. Idaho Code also requires that when systems or other files where personal data is stored have been breached, an investigation must be conducted to determine the likelihood that such information has or will be misused, and to promptly notify affected individuals.

Personal and financial data of customers is stored in both electronic and hard copy formats in locations that are not properly safeguarded. The Department's current ability to monitor and detect any loss of sensitive data is limited to activities of the computer network server. Data is also stored on individual desktop and laptop computers that are not appropriately secured through the use of encryption technologies or monitoring techniques.

In addition, procedures are not in place that meet Idaho Code requirements for promptly identifying and investigating when data has been breached and notifying affected individuals. These situations developed over several years as new systems and processes were implemented. A more thorough evaluation is needed to determine the extent of the risks and methods needed to safeguard this data.

RECOMMENDATION #2 – We recommend that the Department develop a comprehensive approach for safeguarding sensitive personal and financial data of customers. This effort should include identifying each location where data is stored, both electronic and hard copy formats, and appropriate technologies or other measures to safeguard this data from unauthorized access.

We also recommend that the Department develop procedures for monitoring, investigating, and promptly notifying customers if data has been breached.

CORRECTIVE ACTION PLAN – The Department would prefer not to collect social security numbers from sportsmen; however, until we are relieved of this requirement we take the responsibility seriously. All information is safeguarded while on our server by multiple security levels to detect breaches, and while no system is foolproof, we consider our server procedures to be adequate. All laptops are secured by requiring at least two different passwords to gain access to data. Further, under the new Vista operating system, we plan to implement the built-in data encryption feature on all personal computers. Information on our license system is encrypted any time data is transferred from a terminal (including vendor terminals) to the host system. While we take many steps to secure electronic data from inadvertent disclosure, the Department has limited control over what individual staff or any third parties may do with data if they have been granted access. The Department will conduct an internal evaluation to determine whether additional procedures may be identified that will improve controls over electronic and hard copy sensitive data.

We believe that the procedures for monitoring security and notifying customers of potential breaches of sensitive data is an area that is best addressed at the State level, as it is advisable to have a consistent policy and response from all agencies. The Department's Bureau Chief of Information Technology is also the

chairman of the Information Technology Advisory Council (ITEAC) and a member of the Information Technology Resource Management Council (ITRMC). He will bring this issued to the Council and work with those members to develop a policy and process that would be appropriate for agencies statewide.

PRIOR FINDINGS AND RECOMMENDATIONS – The prior report had no findings and recommendations.

FINANCIAL SUMMARY. The following financial data is presented for informational purposes only.

IDAHO DEPARTMENT OF FISH AND GAME – FY 2006 FINANCIAL SUMMARY

Fiscal Year 2006	Fish and Game Fund 0050	Set Aside Fund 0051	Primary Depredation Fund 0055	Expendable Trust Fund 0524	Non- Expendable Trust Fund 0530	Secondary Depredation Fund 0531	Total
Beginning Free Cash and Investments	\$5,709,925	\$1,827,044	\$750,000	\$6,115,467	\$507,495	\$2,250,000	\$17,159,931
Beginning Encumbrances	2,905,540	700,988	5,990	6,870	2,050	0	3,621,438
Receipts and Transfers	75,169,742	2,341,178	559,646	847,629	48,923	15,967	78,983,085
Total Funds Available	\$83,785,207	\$4,869,210	\$1,315,636	\$6,969,966	\$558,468	\$2,265,967	\$99,764,454
Disbursements and Transfers	75,975,381	2,872,440	448,289	630,062	50,625	15,967	79,992,764
Ending Encumbrances	2,725,955	200,997	0	19,837	0	0	2,946,789
Ending Free Cash and Investments	\$5,083,871	\$1,795,773	\$867,347	\$6,320,067	\$507,843	\$2,250,000	\$16,824,901

OTHER ISSUES – Legislative auditors discussed with Department management other matters which, if addressed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the Idaho Department of Fish and Game and the Idaho Legislature and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Calvin Groen, and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Don H. Berg, CGFM, Manager, Legislative Audits Division

Chris Farnsworth, CPA, Managing Auditor

AGENCY RESPONSE



IDAHO DEPARTMENT OF FISH AND GAME

600 S. Walnut/P.O. Box 25
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C.L. "Butch" Otter/Governor
Cal Groen/Director

August 6, 2007

Mr. Don Berg
Legislative Audits Division Manager
Legislative Services Office
Statehouse Mail

Dear Mr. Berg:

Thank you for the comprehensive review of the Department of Fish and Game for the three fiscal years of 2004, 2005 and 2006. We appreciate the professionalism your staff demonstrated during the review and the valuable information provided to this Department. We concur with the two findings reported and the following information is provided to you to document our corrective action plan. If I can be of any further assistance please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Cal Groen".

Cal Groen
Director
Idaho Department of Fish and Game

CG:jl

APPENDIX

HISTORY

In 1864, Idaho's first legislative assembly passed laws to control the harvest of big game. Penalties for violations were included in this legislation. About 35 years later, the legislature created the Idaho Department of Fish and Game.

PURPOSE

The Department of Fish and Game preserves, protects, perpetuates, and manages all wildlife through various biological studies, programs, and law enforcement measures in order to provide a continuing supply of wildlife for hunting, fishing, trapping, and watching.

STATUTORY AUTHORITY

The statutory authority for the Department is found in Idaho Code, Title 36, Chapter 1.

ORGANIZATION

The Department's policy-making body is a seven-member Commission. Commission members are appointed by the Governor and confirmed by the legislature for staggered four-year terms. The Commission appoints a director to administer and manage the day-to-day activities of the Department.

The Department is organized into eight major programs:

1. Administration. Provides support to the other programs with budget, accounting, and data processing services.
2. Enforcement. Ensures protection of wildlife by enforcing hunting seasons, bag limits, and general regulations.
3. Fisheries. Maintains and manages existing fish populations and improves habitat for fish in streams, lakes, and reservoirs.
4. Wildlife. Ensures that all wildlife is perpetuated through research and management.
5. Communications. Informs the public about the benefits derived from proper management and use of fish and wildlife resources through education, information, and hunter safety programs.
6. Engineering. Oversees new construction and maintenance of installations owned and operated by the Department.
7. Natural Resource Policy. Updates the *Statewide Plan for Fish and Wildlife Management*, and coordinating position statements and policies.

8. Winter Feeding/Habitat Improvement. Provides emergency winter feeding and depredation control measures related to big game animals.

The Department has seven regional offices:

- Panhandle – Coeur d'Alene
- Southeast – Pocatello
- Clearwater – Lewiston
- Upper Snake – Idaho Falls
- Southwest – Nampa
- Salmon – Salmon
- Magic Valley – Jerome

The Department employs approximately 500 full-time and 150 to 300 temporary personnel.

FUNDING

The Department of Fish and Game's primary funding sources are license revenue and federal receipts. The Department receives federal money from the Fish and Wildlife Service, Corps of Engineers, National Marine Fisheries, Bonneville Power Administration, Bureau of Reclamation, Forest Service, and Bureau of Land Management. The Department also receives money from private sources, including utility companies, large corporations, associations, and individuals interested in fish and wildlife.

FUND DESCRIPTIONS

FISH AND GAME FUND 0050

Fish and Game Fund 0050 receives money from the sale of licenses, permits, federal grants, and other sources arising from the administration of fish and game laws. Expenditures from the fund are used to administer fish and game laws and regulate the protection of wildlife. (Idaho Code, Section 36-107)

FISH AND GAME SET-ASIDE FUND 0051

Fish and Game Set-Aside Fund 0051 receives money from the issuance of certain licenses, permits, tags, license plate fees, and tax check-offs. Expenditures are used for the following fish and wildlife management:

1. Steelhead and anadromous salmon
(Idaho Code, Sections 36-111(1)(a) and 36-406(f))
2. Big-game winter feeding
(Idaho Code, Sections 36-111(1)(c) and 36-406(f))
3. Big-game depredation control
(Idaho Code, Sections 36-111(1)(c) and 36-406(f))
4. Non-game management
(Idaho Code, Section 36-111(1)(d))
5. Acquisition of big-game, upland bird, and waterfowl habitat
(Idaho Code, Sections 36-111(1)(b) and 36-406(f))
6. Confiscated meat processing
(Idaho Code, Section 36-111(1)(g))

PRIMARY DEPREDATION FUND 0055

Primary Depredation Fund 0055 receives an annual transfer of \$200,000 from the Fish and Game Fund 0050, to pay up to \$10,000 (less \$1,000 deductible) for crop damage caused by antelope, elk, deer, or moose. (Idaho Code, Sections 36-114 and 36-1108)

FISH AND GAME EXPENDABLE TRUST FUND 0524

Fish and Game Expendable Trust Fund 0524 accounts for the receipt of money and real or personal property donated, bequeathed, devised, or conditionally granted to the Department. This is an expendable trust fund, which means both the principal donation and interest income may be expended. (Idaho Code, Section 36-108)

**FISH AND GAME
NON-EXPENDABLE TRUST
FUND 0530**

Fish and Game Nonexpendable Trust Fund 0530 accounts for money and real or personal property donated, bequeathed, devised, or conditionally granted to the Department. This is a non-expendable trust fund, which means only the investment earnings may be spent to fulfill the terms of the donations and grants. (Idaho Code, Section 36-109)

**SECONDARY DEPREDAATION
NONEXPENDABLE TRUST
FUND 0531**

Secondary Depredation Nonexpendable Trust Fund 0531 accounts for money used to pay for property damage caused by black bears, mountain lions, antelope, elk, deer, and moose exceeding \$10,000, and for payment of claims of damage to forage from grazing wildlife. The principal amount of this fund is comprised of a \$1 million transfer from the General Fund made in fiscal year 1991 and \$1.25 million from a combination of controlled hunt application fees, and interest earnings of the Fish and Game Fund. The principal amount in the fund shall not be appropriated. Only the interest earned on the investment of the money in the fund can be appropriated. Should the balance in the account ever exceed \$3 million, the interest earnings that exceed the appropriation shall be transferred to the Fish and Game Set-Aside Fund for habitat rehabilitation. (Idaho Code, Sections 36-115 and 36-1108)

Idaho Department of Fish and Game

